TITLE 86: REVENUE

PART 150
USE TAX

Section 150.332 Persons Who Lease Tangible Personal Property to Governmental Bodies

a) Effective January 1, 1996 through December 31, 2000, and on and after August 2, 2001, sales of tangible personal property to a lessor who leases that property to a governmental body are not subject to Use Tax. As noted in this subsection, the exemption is not available during the period January 1, 2001 through August 1, 2001 because it expired under the provisions of Section 3-90 of the Use Tax Act [35 ILCS 105/3-90] and was not reinstated until August 2, 2001. The exemption is otherwise available, provided that:

1) the tangible personal property must be purchased for lease to a governmental body under a lease that has been executed or is in effect at the time of purchase;

2) the lease must be for a period of one year or longer; and

3) the lease must be to a governmental body that has an active tax exemption identification number issued by the Department under Section 1g of the Retailers' Occupation Tax Act (see 86 Ill. Adm. Code 130.2007).

b) When this exemption may be properly claimed, the purchaser must give the seller a certification stating that the property is being purchased for lease to a governmental body, under a lease of one year or longer executed or in effect at the time of the purchase, and containing all of the following:

1) The seller's name and address;

2) The purchaser's name and address;

3) A description of the tangible personal property being purchased;

4) The purchaser's signature and date of signing;

5) The name of the governmental body and its tax exemption identification number issued by the Department; and

6) The date the lease was executed and the lease period.

c) If the property is purchased by a lessor under the provisions of this Section and the property is used in a manner that does not qualify for the exemption or is used in any other non-exempt manner, the lessor is liable for the appropriate tax imposed under the Use Tax Act. The property being leased under qualifying leases that were entered into between January 1, 1996 and December 31, 2000 pursuant to the provisions of this Section continue to be exempt after January 1, 2001 until such time as the property is no longer being leased under those qualifying leases or are used in any other non-qualifying manner. In the event that the property is no longer leased in an exempt manner or is used in any other non-exempt manner, the amount of Use Tax liability incurred by the lessor is based on the fair market value of the property at the time the non-qualifying use occurred.

(Source: Amended at 25 Ill. Reg. 971, effective January 15, 2002)